

from Friday, February 17, 2006, through Tuesday, February 21, 2006, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Monday, February 27, 2006, or such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, or their respective designees, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble at such place and time as they may designate if, in their opinion, the public interest shall warrant it.

MAKING SUPPLEMENTAL APPROPRIATIONS FOR THE SMALL BUSINESS ADMINISTRATION

Mr. FRIST. I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 4745, which was received from the House.

The PRESIDING OFFICER. The clerk will report the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4745) making supplemental appropriations for fiscal year 2006 for the Small Business Administration's disaster loans program, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Ms. LANDRIEU. Mr. President, after the close of business on February 9, 2006, the Small Business Administration, SBA, notified my office that the SBA Disaster Loan Program was going to run out of money 4 days later on February 13, 2006. I was outraged that my office was only made aware of the situation because USA Today was about to do a story on it. The Disaster Loan Program is one of the most important lifelines that the people of my State are relying on to pull themselves out of the destruction wrought by Hurricanes Katrina and Rita. When SBA first knew about the funding shortfall in this program, the Senators from Louisiana, Mississippi, Florida, Texas, and Alabama should have been the first people told. No doubt some of my colleagues may only have learned about this in the media. That is not how a Federal agency should notify Congress of important developments.

The administration has requested, and the Appropriations Committee has approved, a reprogramming of \$100 million from SBA's salaries and expenses account to the Disaster Loan Program to keep it funded for another 2 weeks. The program will still need additional funding beyond this. H.R. 4745, that is before the Senate today, will allow for a reallocation of \$712 million in funds from the Federal Emergency Management Agency to SBA in order to keep the Disaster Loan Program running until the end of April. They hope that by then Congress will have acted on an

additional Katrina supplemental appropriations bill to keep the Disaster Loan Program funded through the end of the fiscal year. I certainly support this legislation and I am pleased that SBA acted to keep the Disaster Loan Program funded.

But even with these temporary extensions, this latest incident is just another example of the poor performance of SBA under the its Administrator Hector Barreto. SBA told us that it has known about this problem since December when they realized that their average disaster loan size for damage as a result of Katrina was double what they had previously experienced in the program. So all of their estimates were off. They knew that the amount of money they had budgeted for disaster loans to businesses and homeowners for the program would not last. But they never said anything to us about it—until they thought that the press would tell us first.

The Small Business Committee held hearings focusing on SBA's disaster response to Katrina and Rita, so the agency knew that this was a major concern to the chair and ranking member of the committee, Senator SNOWE and Senator KERRY, as well as myself and my colleague from Louisiana, Senator VITTER. The committee staff is in almost daily contact with SBA, giving SBA ample opportunity to discuss upcoming issues that would warrant congressional attention. No one at SBA raised this issue, everything was fine.

When the administration released the Federal budget for 2007, SBA made no mention that the Disaster Loan Program was going to need additional funding. The SBA's Chief Financial Officer took part in budget briefings for staff along with other SBA officials. Again no mention that the Disaster Loan Program was running out of money.

Mr. President, if this was an isolated incident or oversight, I would not be nearly as disappointed. But this is far from an isolated event. My constituents have been complaining about SBA and the Disaster Loan Program since the earliest days after the disaster. Katrina and Rita catastrophically destroyed or damaged over 18,000 businesses and over 200,000 homes in Louisiana alone. Early on after the storm, disaster victims had to wait months for their loans to be approved. The agency did not have enough staff on the ground to do damage assessments. The situation has improved since those early days, and the SBA has finally heeded our calls to contract out the loss verification process to speed things up. I commend them for coming to their senses on that, but I still believe that the SBA's slow start has led to business failures and has left many homeowners without any hope of returning home.

Furthermore, SBA's failure to accurately track the finances of the Disaster Loan Program, and more importantly, its neglect in keeping Congress

updated on this developing problem, is evidence of a culture of inefficiency that goes through to the highest levels of the SBA. I want to know what these officials knew and when they knew it, because certainly no one in Congress was told until February 1. That is 12 days—I repeat 12 days—before the program was set to run out of money.

Mr. President, Katrina and Rita threw the gulf coast into a state of uncertainty. SBA's handling of the Disaster Loan Program has only made this feeling of uncertainty worse. We need more than a string of temporary fixes to the financial viability of the program to ensure that the dollars will be there for the people in the gulf who are trying to rebuild. We need a permanent solution or else the management mistakes of the past will continue to plague the SBA's disaster response for future disasters.

Mr. KERRY. Mr. President, the Small Business Administration's disaster loan program is facing another shutdown this month unless Congress passes a bill to provide the program with more funding. A shutdown of this program would further slow the recovery of the gulf, where hundreds of thousands of business owners and homeowners have been waiting months for the administration to process and disburse loans to help them pay their bills and start rebuilding their businesses and homes.

As of this week, according to the SBA's data, out of more than 60,000 loans approved for businesses and homeowners, only 23,000 have been partially or fully disbursed. And out of the almost 375,000 applications received, 190,000 are still waiting to be processed. The families and businesses waiting should not be subjected to yet another roadblock to assistance through the disaster loan program.

The mismanagement of the SBA's disaster loan program has been well-documented on national news programs like CNN and in major papers like the Washington Post and USA Today. The Committee on Small Business and Entrepreneurship has held two hearings on the matter. Adding to the problems, the SBA was not paying attention to the books and didn't realize it was making larger loans and spending more than it had estimated. This lack of oversight brought the program to the brink of shutting down.

When the President's budget was released on February 6, the SBA discovered it only had enough money to make it to February 13. Instead of being forthcoming about the problem when the SBA and its financial team came up to brief the oversight Committee on SBA's budget and financial standing, they were silent. Luckily, as has been the pattern since President Bush has been in office, the Congress stepped in to pass emergency legislation to keep one of SBA's small business programs up and running.

Specifically, Congress approved a last-minute request from the administration to reprogram \$100 million from

SBA's disaster administrative funds into the account for disaster loans. Unfortunately, not only did SBA wait until the last minute to seek assistance, but the assistance it sought was not enough to keep the program running long—just enough to keep the program running from February 14 to maybe the end of the month. To make it through the year, the SBA needs an estimated \$1.3 billion.

Demonstrating yet another lapse in judgment, the administration did not plan to seek the entire amount to avoid another shutdown but instead decided to take a piecemeal approach. Their plan was to ask now for enough money to make it through July and then later in the year to seek the rest of the needed funding. I disagreed with this approach and urged the President and Senator Majority Leader FRIST to request the entire funding at one time and to move the funding measure as a freestanding bill so that it could pass before the Congress breaks for the Presidents Day recess. Waiting until Congress comes back on February 28 would be too risky given that SBA only has the \$100 million it requested to keep going.

Given all that is at stake for the families and businesses in the gulf, I am very glad that today, before we recess, the Senate is considering H.R. 4745, a bill to provide funding to the SBA's disaster loan program. I am glad that Congress has come to the administration's rescue to pass another emergency bill, one that is freestanding. I only wish the bill provided the full \$1.3 billion instead of \$712 million. This will only keep the program running through April. However, the House has already recessed, so we are not in the position to add more funding at this time.

I hope this bill gives some peace of mind to those in the gulf waiting for help, and I hope that when we come back we can be just as swift in approving a final measure to fully fund the disaster loan program.

In closing, I ask unanimous consent that letters from me and my colleagues to President Bush and Majority Leader FRIST be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP,

Washington, DC, February 10, 2006.

Re Averting Shutdown of SBA's Disaster Loan Program.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: We have just received word that the Small Business Administration's (SBA) disaster loan program was on the brink of running out of money next week, on February 13, 2006. Our Committee was not notified until this week that the SBA needed more funding, and according to documents I have just received, not even the appropriators were notified until recently. Instead of waiting until the last minute to try and avoid a shutdown, further exacerbating the disaster loan program's failure to

meet the urgent needs of hurricane victims in the Gulf, the Administration should have notified Congress of this problem sooner. This is reminiscent of the way in which the Administration handled the shutdown of its largest small business lending program two years ago and the way it handled the shortage of funds to pay SBA's disaster loan staff during the 2004 Florida hurricanes.

Mr. President, your FY2007 budget was released on Monday, and you deployed your staff out to the various oversight Committees this week to promote your priorities for the various agencies and departments and to justify the requests. Among other key SBA employees, Committee staff met with the SBA's Chief Financial Officer. No one should be in a better position to know the Agency's fiscal standing in its accounts. Yet, not once did the CFO or anyone from the SBA mention a need for additional disaster loan funding.

For too long, you have ignored the mismanagement of the SBA. The draconian cuts to the SBA by this Administration have proven deleterious to the delivery of resources important to small businesses across the nation. The near-shutdown of the disaster loan program demonstrates the shortsightedness of these budget cuts.

It is time to get the SBA's disaster loan program running smoothly and remove the red tape that is keeping so many homeowners and business owners from getting much-needed disaster assistance. As of yesterday, SBA's data showed that almost six months after Hurricane Katrina hit, 50 percent of the loans requested by homeowners are waiting to be processed, and 35 percent of the business owners are waiting for their loan applications to be processed.

I understand that the Administration's reprogramming request of \$100 million approved yesterday by Congress will only provide enough funding to keep the program running for about 14 more days. To avoid a shutdown during Fiscal Year 2006, the SBA disaster loan program needs an estimated \$1.3 billion. Currently, your Administration is planning to request \$1 billion to be reallocated from the billions sitting idle at FEMA. Unfortunately this will only fund the disaster loan program through July, requiring an additional request for the remaining \$300 million in supplemental appropriations to make it through the end of the fiscal year in September. Rather than continue this piecemeal approach to budgeting, I urge you to request the full amount to operate the program properly now and make sure the needs of the Gulf and future disaster victims are met.

Sincerely,

JOHN F. KERRY.

U.S. SENATE, COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

Washington, DC, February 14, 2006.

Re Passing Legislation To Prevent Shutdown of SBA's Disaster Loan Program.

Hon. WILLIAM H. FRIST, M.D.,

U.S. Senate Majority Leader, U.S. Senate,
Washington, DC.

DEAR MR. MAJORITY LEADER: We are writing to ask your immediate attention in passing critical legislation to prevent the Small Business Administration's (SBA) Disaster Loan program from shutting down.

As you are aware, the SBA Disaster Loan program would have run out of money yesterday, February 13, 2006, if the Congress had not approved a last-minute request from the Administration to reprogram \$100 million. The SBA has told the Committee that the reprogrammed funding will only keep the program running for about 12 more days and estimates it will need an additional \$1.3 billion to avoid a shutdown in FY2006.

Instead of seeking the full amount, SBA has informed the Committee that the Administration intends to request only part of the needed money now, through a reallocation of \$1 billion from the unspent funds in the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund. Unfortunately this will only fund the disaster loan program through July, requiring an additional request for the remaining \$300 million in supplemental appropriations to make it through the end of the fiscal year in September.

Rather than continue this piecemeal approach to budgeting, we believe the Congress should pass legislation with the entire estimated amount so that there is stability in the delivery of disaster relief to meet the needs of the Gulf victims, as well as any future disaster victims. We also believe that the request should move as a free-standing bill, rather than combining it with other bills that run the risk of delay because of unrelated controversies.

In summary, we seek your cooperation to immediately pass a free-standing bill in the Senate that would authorize FEMA to reallocate from its Disaster Relief Fund \$1.3 billion to the SBA's Disaster Loan program. And we request that any reallocated funds from the Disaster Relief Fund be restored as soon as possible through the next supplemental emergency funding bill that Congress enacts.

Sincerely,

JOHN F. KERRY.

CARL LEVIN.

MARK PRYOR.

MARY LANDRIEU.

MARIA CANTWELL.

TOM HARKIN.

Mr. FRIST. I ask unanimous consent that the bill be read a third time and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 4745) was read the third time and passed.

RECOGNIZING KENNETH M. MEAD'S SERVICE AS INSPECTOR GENERAL OF THE DEPARTMENT OF TRANSPORTATION

Mr. FRIST. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of S. Res. 382, which was submitted earlier today.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 382) recognizing Kenneth M. Mead's service as Inspector General of the Department of Transportation.

There being no objection, the Senate proceeded to consider the resolution.

Mr. STEVENS. Mr. President, I take this opportunity to commend Kenneth Mead's service as inspector general of the Department of Transportation. I am joined by Commerce Committee Co-chairman Senator INOUE and committee members Senators BURNS, MCCAIN, ROCKEFELLER, LOTT, LAUTENBERG, SUNUNU, PRYOR, and BILL NELSON.

On February 11, 2006, Mr. Mead announced his retirement as the inspector general of the Department of